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# ..... *News and Views* from the Farm Management Staff

UNITED STATES DEPARTMENT OF AGRICULTURE  
FEDERAL EXTENSION SERVICE  
Division of Agricultural Economics Programs  
Washington 25, D. C.

November 15, 1956

Dear Farm Management Extension Workers:

## It's Outlook Time -- How Can We Help Make It Most Useful To Farmers?

At this season of the year economists give special attention to helping farmers look ahead -- to assess the probable costs and prices that they will be facing in the future. The National Outlook Conference, scheduled for November 26-29 here in Washington, is designed to furnish information as a background for this work. Of course, almost every information channel that reaches farmers carries the outlook. The dissemination of general outlook information is shared broadly by Extension with others. When these are added to Extension's efforts we can be sure that an effective job will be done of informing farmers of these projections.

After the farmer has acquired this general information he then faces the step in which we have not always given him as much assistance -- what changes should I make in light of the outlook? It is in this area that farm management specialists have a peculiar opportunity to contribute in making these projections of maximum assistance to farmers. First of all, using mass media they can put the projections of the price analyst into a management framework for decision making. Secondly, they can work with agents and others in making an application of outlook information to individual farms.

In order to be able to do this sort of thing effectively the projections must include long-term as well as short-term projections, and long-run trends must be distinguished from short-run fluctuations. The outlook to be presented at the National Outlook Conference this year promises to provide good ammunition for management analysis. Recognizing that many farmers are not in position to make very great changes from year to year, the outlook will give special consideration to the longer run.

Many States have been giving farmers effective help in the application of outlook information. There are many excellent examples one might point to. The Indiana outlook for '57, which is in the October issue of "Economic and Marketing Information for Indiana Farmers," has a good lead article that integrates outlook into the management situation of a farmer. While it treats only the outlook for the coming year, this sort of management approach should be useful in helping the farmer think through the outlook in view of his fixed costs, his capabilities and alternatives.

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AEP-235 (11-56)



Highlights of Farm Foundation Sponsored  
Farm Management Extension Meetings

Southern Committee Reports on the Farm Management Specialist's Role in Rural Development. The role of the farm management specialist in rural development is broader than it has been generally considered in traditional extension work, according to the report of a subcommittee of the Southern Farm Management Extension Committee at its meeting in Birmingham, October 17-18. The subcommittee is composed of Vernon Pace, Mississippi, chairman; Lloyd A. Carville, Louisiana; Byron Huddleston, Arkansas; and E. P. Callahan, FFS.

The farm management specialist's work, according to their report, is not limited to educational work (through county extension agents) with farm families whose best alternative is in farming and who expect to continue to farm. His job also includes working (through county extension agents) with families who are considering non-farm jobs, or whose best opportunities may lie outside of agriculture. Such families are numerous in disadvantaged rural areas. They specifically need help the farm management specialist can give, through the county agent, in analyzing their chances for success in farming so that they can compare them with the non-farm or part-time opportunities that are open to them. Work of this kind with such a family is good use of the farm and home unit approach, and may also be an important part -- but only a part -- of a Rural Development Program.

If such a family decides to continue in farming, or to enter farming, either on a full-time or part-time basis, the traditionally accepted farm management extension work is appropriate for them.

Much of the adjustment needed in low-income areas, the report continues, depends on enlargement and consolidation of farms, changes in types of farming, and additions of capital resources to farms. These changes take time. If they take place, more of the boys growing up in low-income areas will need to go into non-farm occupations. If the rural development work is to fully achieve its objectives and if these boys are to achieve their best possibilities, they must learn more about the occupational opportunities that are open to them as young Americans than their fathers and older brothers have known, and have better opportunity to prepare themselves for the occupations they choose. Farm management specialists have a responsibility, the report says, to call this situation to the attention of extension administrators, and to help in setting up youth programs to provide educational assistance to young people in choosing their best occupational opportunities. The farm management specialist can be of very material help, through his contribution to such projects, to boys and young men in evaluating their opportunities in farming so that they can compare them with their non-farm opportunities.

North Central Committee. The committee's bulletin on "Farm Families and Social Security," which is currently being printed, was discussed at length. The committee particularly praised the subcommittee who developed the bulletin for the discussion concerned with the implications of social security for management. The effective extension use of two bulletins on credit was considered: the one recently printed, written by Howard Diesslin on "Financing Modern Midwest Agriculture," and the other, "Credit As A Tool For the Agricultural Producer," which is currently being printed. A subcommittee reported on an extension outline of the bulletin on "Credit As A Tool For the Agricultural Producer." Copies of the bulletin and outline will be distributed as soon as they are available.

Northeast Committee. The fall meeting of the northeast committee was held in New York City, October 24-26. The major areas of work demanding attention at this

session were (1) experience in helping farmers evaluate soil bank programs, (2) farm management possibilities in 4-H, (3) placing more emphasis on longer-time outlook, (4) preparation of statement and development of understanding on management principles and procedure, (5) the place of farm management associations in the Northeast, and (6) farm planning techniques in working with farmers and in training agents.

### Training Agricultural Workers in Economics

Nevada. The past summer the Department of Agricultural Economics at the University of Nevada conducted a very successful workshop for professional agricultural workers. John Fischer, head of the department, and Tim Wallace, extension and research economist, along with other members of the department, provided resource materials and led the discussions. The study group was made up of vo-ag teachers, county agents, and representatives of the Bureau of Land Management, Soil Conservation Service, Forest Service, and other public agencies. This variety of professional background made for good discussion of Nevada problems, many of which call for a consideration of both individual farm or ranch and area land-use considerations.

A day was devoted to the national and State phases of outlook with special emphasis on trends and future agricultural potentials within the State. Another day was devoted to marketing, farm credit, and finance.

Two days were devoted to farm and ranch management. Subjects covered were organized into three major categories; "Getting Started in Farming or Ranching," "Staying in Farming or Ranching," and "Planning Ahead in Farming or Ranching." A wide variety of pertinent topics was covered, such as "Capital requirements and returns"; "To buy, rent, or both?"; "Meadow improvement -- does it pay?"; "Machinery -- what can I afford?"; and "Budgets -- less footwork, more headwork, more money!"

At the end of the week a half-day evaluation session was held at which everyone expressed himself as to the good (and the not-so-good) features of the course. Apparently those attending were well pleased with their week's work, for a number requested assistance in developing county or district meetings on farm and ranch management, outlook, and other economics subjects.

Texas. Cecil Parker reports a very satisfactory response on the part of the first group of county agents to attend a newly developed 1-day short course in the "Economics of the Farm Business." The material for the short course was developed jointly by extension, research, and resident teaching personnel in the Department of Agricultural Economics and Rural Sociology of Texas A&M under the leadership of Tyrus R. Timm, head of the department.

The short course is being given to county agricultural agents at geographically convenient points over the State by extension specialists in farm management and agricultural economics.

The list of topics is of interest: How to Obtain Maximum Labor Efficiency on a Farm. What Machinery is Economically Justified on a Farm? Reaching Decisions on Buildings -- Facilities Needed. Opportunities and Limitations for Maximum Returns From Fertilizers. Factors to Consider in Adding Additional Capital Investment Through Credit. Deciding on Sources and How to Use Credit Organizations. Using Farm Records as an Aid to Financial Progress. Important Decisions Involving Lease and Rental Arrangements. Income Tax Management in Farming and Ranching. Provisions of the Social Security Program Affecting Farmers and Farm Laborers. Use of Soil Bank and Related Programs in Making Farm Adjustments. Working with People on Low Production Farms. What's Ahead for Texas Agriculture. Discussion on each topic is limited to 15 or 20 minutes. Lots of visual aids are used.



An exhibit of printed material goes along with the short course. Its purpose is to widen the acquaintance of the county agents with publications, on the topics included in the short course, that may be useful to them. The basic handbook for the short course is entitled "Economics of the Farm Business - A Short Course for the County Agricultural Agents of the Texas Agricultural Extension Service." It contains some good information and analyses. We haven't checked this with Ty Timm, but we imagine he has a few copies to spare and will be glad to send you one if you write him for it.

#### Soil Bank Education in Oklahoma

D. B. Jeffrey reports effective use, by Oklahoma county agents, of three major tools for helping farmers make better informed decisions about their soil bank participation.

The first tool, a partial budget, was first adapted to wheat growers. A copy went to every wheat grower. It aids them in forecasting the likely effects of contemplated sign-up on their income and expenses. Jeffrey demonstrated its uses and adaptations to county agents in meetings. They reported that a tough problem often arises when landlord and tenant contemplate putting their wheat allotment into the acreage reserve. Frequently, participation looks very attractive to the tenant but not at all attractive to his landlord. This is because frequently a high proportion of the tenant's costs are variable costs, but the landlord escapes few of his costs, most of which are fixed, by not growing the wheat. The landlord will not sign unless the rental payment can be divided differently than the crop is divided. By the partial budgeting procedure, county agents show the two how to arrive at a division of the rental payment that they can agree upon. They use the same procedure to demonstrate to the county ASC Committee that their agreed-upon division of the payment is more nearly equitable than to divide it as the crop is divided. Thousands of acres have been signed up under such agreements, with approval of the county ASC Committees.

The second tool is an algebraic formula for estimating a farmer's break-even point -- the yield at which it would be more profitable to put the acreage into the acreage reserve than to grow the crop -- using the farmer's own "normal yield," variable costs, and other data pertinent to his problem. (For example, the value, if any, of wheat pasturage.) This formula was prepared for county agents' use, and they were coached in using it with farmers. No mass distribution of it was made. Many agents had difficulty in learning how to use and explain the formula, but when they did they found it to be a very useful teaching tool and enjoy using it. They use it effectively in counseling with farmers in their offices, on farm visits, and on the blackboard.

The third tool, surprisingly, is a form for estimating the total annual rental payment that a farmer could earn by placing his entire farm in the soil bank. A farmer can readily compare this total annual rental payment with the net income his farm business is earning. He usually has a pretty good idea of his approximate net farm income. For many of them, Jeffrey says, this comparison is close enough to have real meaning if they have been contemplating retirement or a non-farm job opportunity.

#### Income Tax and Social Security

Your Social Security - a new booklet being prepared by Social Security Administration, which will be our most comprehensive reference on the OASI program. It should be very useful to county agents. Look for it in January.

Examples of Material Participation in OASI. Many questions about material participation show the need for some examples to point out the area or range of activity that qualifies. We hope to get some of these for you soon.

Training Schools for Income Reporters. In most States extension economists are preparing to hold district or county schools to train tax consultants and others in the preparation of farmers' income tax returns. Some of these start in November but most of them are scheduled for December and January. Many are 2-day programs and are conducted in cooperation with Federal and State income tax, social security, and farm organization representatives.

The 1956 Farmers' Tax Guide, Your 1956 Income Tax Forms, separate tax forms, and chart size forms for educational use have been furnished from here in limited volume on request.

Statements on Extension Work in Farm  
Management, and With Farmer Cooperatives \*

We are enclosing copies of two statements recently prepared by this Branch. One is a statement concerning the field of farm management and production economics, the personnel available in the States, and some of the problems and opportunities that exist as we see them. The other is a statement prepared by Jim Robinson who, in addition to work in the field of farm finance, leads in extension work concerning farmer cooperatives. Copies of these will be sent to directors by our Division, along with statements by other branches of the Division of Agricultural Economics Programs. We find many uses for statements of this kind as we meet with new extension directors, foreign visitors, and other groups to acquaint them with work in these fields.

We will appreciate receiving any comments you may have regarding these statements. If, for any reason, you would find a few copies of these useful we will be glad to furnish them to you.

You Should See --

Reference Manual on Agricultural Credit. A. T. Anderson at Illinois has just gotten out an interesting "Extension Reference Manual on Agricultural Credit." It proposes that educational work in financing be directed to helping a farmer solve one or more of three problems; namely, (1) reaching a sound decision on whether to borrow in order to increase his capital, (2) convincing a lender that with the help of the loan he can and will make enough income to repay the debt, and (3) arranging the terms of the contract with the lender to fit his individual business situation.

The Manual does a good job in establishing the need for education on credit, points out some of the activities that are effective, outlines factors that help the farmer solve the three problems, presents some State information on use of credit and some forms farm families can use in thinking through their situation. It also attaches the circular on "Financing Midwest Agriculture" that was sent you a few days ago.

Farm and Home Development Credit Section. Perhaps you have already received a copy of material on "Some Financial Aspects of Farm and Home Development with Emphasis on the Use of Credit," AEP-189 (10-56). This was assembled by Jim Robinson for consideration of States that are developing materials of this type. The basic source of materials was State farm and home development books, although some additional

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\* Copies enclosed.



guidance materials were inserted. If you have not received a copy we will be glad to furnish it on request.

Your Balance in the Soil Bank, Ag Mimeo 3197-56, Remarks by Assistant Secretary Earl L. Butz. In this statement Secretary Butz summarizes participation in the 1956 soil bank program and estimates effect on production. He also estimates how the 1957 program might affect production. Finally, based on these estimates he projects the impact of this program on the use of fertilizer.

Farm Business Contracts and Operating Agreements. 19-page mimeo No. 56-20, University of Connecticut, May 1956. .... Family Farming Corporations, 8-page mimeo (unnumbered), University of Massachusetts, 1956. .... Buying a Farm on Contract, 16-page mimeo A.E. 1037, Cornell University, August 1956. These three publications have been prepared for use in extension meetings, and for county agents to use in providing information to farmers concerning contract purchases, operating agreements, and family corporations. They discuss some of the advantages and disadvantages, and suggest what to consider in drawing up contracts, agreements, etc.

When to Hire and When to Own Farm Equipment on New Hampshire Farms. University of New Hampshire, Extension Bulletin 136, September 1956. A recent revision of a former publication by the same name, illustrating the budgeting techniques of decision making as applied to the farm machinery problem.

4-H Farm Management Principles. 22-page mimeo (unnumbered), West Virginia University, 1956. This is a workbook for 4-H members, and constitutes the first phase of a 3-year project in farm management.

#### Personnel Changes

Charles Lewis Beer has joined the farm management extension staff at Michigan State University. From 1949-1954, Charles was in county agent work in Minnesota. Recently he has been doing graduate work toward a PhD.

Bernard W. Kelly, former county agent in Maryland, is now farm management extension specialist in Pennsylvania, working with Monroe Armes and Fred Hughes.

George Conneman has joined the extension staff in New York to do farm management work.

Sincerely yours,



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